

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7100

BILL NUMBER: HB 1247

DATE PREPARED: Jan 8, 2002

BILL AMENDED:

SUBJECT: Insurance Coverage for Childhood Immunizations.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires coverage under a policy of accident and sickness insurance and under a health maintenance organization contract for childhood immunizations that are recommended by the federal Centers for Disease Control. The bill specifies that if a provider provides treatment or evaluation and, at the same time, a childhood immunization, the provider must be paid separately for the evaluation or treatment and the childhood immunization.

Effective Date: July 1, 2002.

Explanation of State Expenditures: This bill would have a minor impact on the state employee health plans. The state plans currently cover all of the CDC recommended immunizations. However, some of these plans include copayments, deductibles, and out of pocket expenses.

Some could be some pressure on state health insurance premiums under the provisions of this bill. A polling of providers resulted in three of the six state plans responding that rates would increase. Two of these providers indicated that rates would increase for all participants between 0.5% and 1% per member per month.

The cost of implementing this provision is estimated to be approximately \$59,000. The cost reflects a \$0.20 per member per month cost for HMO based plans and a \$0.28 per member per month cost for the state self-insured plan. This cost is based upon staff analysis of current premiums, copayments required, and services covered under state employee health plans. This cost also represents the total increase in rates for state health care plans. However, the state may elect to pay the increase in cost, reduce benefits, pass the cost increase to state employees as higher contribution rates, or share the cost of the increase with state employees. Under the current 93.9/6.1% state/employee cost share, the state would pay about \$55,000 with employees paying about \$4,000.

Publicly Funded Immunizations: Local health departments provide childhood immunizations for approximately 27% of the children in Indiana. Some of these children may be insured, but the insurance may not currently cover immunizations. Consequently, the bill's requirement that the cost of immunizations be covered in full by insurance policies and HMOs could potentially reduce the number of children being immunized at local health department programs. According to State Department of Health pricing information, the full battery of required childhood immunizations *based on public sector unit prices* is approximately \$400 per child. The amount of state funding that is spent for this purpose is currently unknown.

Background: Currently, the six HMOs that provide health benefits to state employees cover childhood immunizations. Five of the six HMOs require only a \$5 copay and no deductible, and the remaining HMO requires no copay or deductible. The copays required for immunizations by these plans are consistent with that required for other services.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill would require childhood immunizations to be covered by health insurance policies and HMO contracts, but would not allow any copayments, deductibles, or out of pocket expense. This could potentially impact local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. Health insurance coverage for local governments vary. It is possible that local expenditures for health insurance could increase due to the provisions of this bill.

Local units of government (LUGs) are allowed to purchase state health insurance for their employees. HEA 1925 passed during the 2001 session allows local governments to form a LUG to purchase health insurance through state providers. There could be pressure on these rates based upon the provisions of this bill.

The cost of the full battery of required childhood immunizations is approximately \$636 per child. However, this does not necessarily mean that premium costs for local unit and school corporation health benefit plans would increase by that amount. The actual impact on premiums would depend upon the extent to which these employee health plans already pay for required childhood immunizations and the extent to which these costs could be passed on to purchasers. Specifically, premium increases could potentially occur if an employee health benefit plan currently doesn't cover childhood immunizations or covers immunizations, but with a copayment, deductible, coinsurance, or out of pocket expense that is higher than for other services.

In addition, a premium increase resulting from the bill may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur.

Explanation of Local Revenues:

State Agencies Affected: All agencies that purchase accident and sickness insurance or use HMOs to provide healthcare.

Local Agencies Affected: All agencies that purchase accident and sickness insurance or use HMOs to provide healthcare.

Information Sources: Debra Webb, Division Director, Benefits, Disability & Worker's Comp Division, State Department of Personnel, (317) 232-8828; Christy Tittle, Program Coordinator, Employee Benefits Section, State Department of Personnel, (317) 232-3241.